FSC-5-A	1/11/96	TO: ROM
SUBJECT: Second Half 1995 Share of Category Payments		

DISTRIBUTION:

X	AVP	X	KAM	___	ELM
X	RSM	X	Reg.Mil./DF Mgr.	___	MIL
X	RBM	___	DM	___	DF
X	ROM			___	REP

As part of our Forsyth Private Label program, we reward our qualifying contracted PL partners with a Share of Category payment on a semiannual basis. With the close of 1995, it is time for you to calculate these payments due.

Calculations for these payments should be determined by running a 185 AIM report for each of your respective accounts. As a review, below is the method you should use to calculate payments due:

Retail Contracted Private Label Chains

1. Once the AIM report is run, extract the volumes by Savings brand style for RJR and competitors and transfer to the Share of Category worksheet enclosed.

2. Calculate RJR's overall share of savings including both the account's Private Label and Branded Savings purchases versus the industry total.

3. Enter the percentage in the block indicated, the account and you sign the form as indicated and calculate payment based on the number of Forsyth Private Label cartons the contracted account purchased multiplied by the payment per carton as shown below.

4. Once done, submit the worksheet and the backup AIM report to Ms. Dee Dee Harper, RJR Winston-Salem (FAX ~~910/741-7085~~). If the AIM report does not accompany the worksheet, no payment will be made.

Retail Share of Savings Grid	Payout Per Carton of Contracted PL
0-34%	0
35-74%	$.25
75%+	$.50

Wholesale Contracted Private Label Accounts

1. Once the AIM report has been run, follow the same steps as explained for the Retail Chain calculations above. The only difference is the rate of payout as explained below:

Wholesale Share of Savings Grid	Payout Per Carton of Contracted PL
1-40%	$.40 Minimum
41-50%	$.01 per share point - max. $.50

2. While all Forsyth Private Label brands, as well as RJR Branded Savings purchases count toward the Share of Savings category calculation, actual per carton payments should only be made against the wholesaler's contracted Private Label. No payment should be calculated on a Private Label the wholesaler carries for a contracted Retail chain since a separate worksheet and AIM report will be generated by the RJR manager responsible for that account so payment can be made.

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Source: https://www.industrydocuments.ucsf.edu/docs/tlvp0000

3. Also, for the 2nd half 1995 payment, we guaranteed the wholesaler only (not retail contracted chains) a minimum payout of $.40 per carton. While you should show the actual share of savings percentage on the R. J. Reynolds % of Grand Total line, calculate the wholesaler's payment at the minimum $.40 per carton rate. If the wholesaler's share is higher than 40%, you would calculate payment at that higher rate up to a maximum of $.50 per carton for 50% share.

Examples:	Wholesaler SOS	Payout Per PL Carton
	27%	$.40
	42%	$.42

As previously communicated in FSC-189A, payout per carton will revert to actual Share of Savings accomplished for the first half of 1996.

There are several points you should specifically note:

1. All calculations and submissions for Super Valu, Fleming, Nash Finch, and WAM houses will be done from Winston-Salem by Larry Schreiber; therefore, you should not make any submissions for these.

2. Ensure you have all 26 weeks of data (7/3/95 through 12/31/95) completely by comparing store counts by week when requesting the AIM report.

3. Accounts not on Partners Plan A or where we are not authorized sales data, the information must be obtained for the 6 month period from the Private Label contracted account with substantiated backup documentation attached to the worksheet submitted to Dee Dee Harper c/o R. J. Reynolds Tobacco Co. in Winston-Salem before payment will be made.

4. To prevent a systems overload, it is important that you run your AIM data requests during a certain time frame. Information Resources indicates that all AIM data for year end should be available by 1/29/96, therefore, please request your reports as listed below:

   NESA and WSA should request reports week of 1/29/96
   SSA and MWSA should request reports week of 2/5/96

Questions and Answers

- Do I use all brands listed under RJR column of the worksheet to calculate overall Share of Savings? Yes. In addition, if you are in the Carolina Gold/Hogshead test markets, these purchases should be included under "other."

- A retailer carries a Forsyth Private Label supplied by a contracted wholesaler. Does this non-Forsyth contracted retailer qualify for a Share of Category payment? No. Forsyth pays the S.O.C. to the actual contracted account. In this case it is the distributor who receives the payment.

- I have a distributor who carries 4 Forsyth PL brands. 2 for contracted retail chains and 2 contracted through the distributor (i.e., Peer and WAM brands). Does the distributor get S.O.C. payments on all 4 brands volume? No. In this case the respective contracted retailer would get their S.O.C. payments based on AIM data submitted for their accounts and the distributor would get payment for his 2 contracted brands. However, purchases on all 4 PL brands would be credited to the distributor in the overall calculation of his Share of Savings.

- A contracted distributor has a 38% RJR Share of Savings overall. What would his per carton payment be on his Forsyth PL? $.40. Since we guaranteed a minimum payout of $.40 per carton for the 2nd half 1995, all wholesalers will get this minimum amount. If the distributors S.O.C. percentage is above 40%, it would receive the equivalent payout up to a max of $.50.

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Source: https://www.industrydocuments.ucsf.edu/docs/tlvp0000

- I have a contracted PL retail chain that has less than a 35% Share of Savings. Do I still have to submit the worksheet and back-up documentation to Winston-Salem. Yes. This process should be followed for all of our contracted PL accounts whether a payment is due or not. Dee Dee Harper will monitor to ensure none of our PL customers are ~~inadequately~~ inadvertently missed.

Since our Forsyth contracted partners look forward to this payment, it is important that you calculate and submit this information as soon as possible within the time frames indicated above.

Program Contacts: Your Area Manager of Operations
Gwen Scott, extension #3340

R. J. REYNOLDS TOBACCO COMPANY

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Source: https://www.industrydocuments.ucsf.edu/docs/tlvp0000

WORKSHEET TO CALCULATE R.J. ... ARE OF LOW PRICE CATEGORY

Please list yo.. ,urchases from 7/3/95 through 12/31/95 for all brands with a list price of $6.79 or below. If you did not have a Forsyth Private Label on 7/3/95, you should list your purchases for all the brands listed below from the first ship date of your Forsyth Private Label and enter that date here: _____

	Cartons Purchased
R. J. Reynolds	
Doral	
Magna	
Monarch	
Sterling	
Best Value	
Your Forsyth Private Label	
Brand Name _____	
Other ***	
Total R. J. Reynolds	
Philip Morris	
Alpine	
Basic	
Bristol	
Bucks	
Cambridge	
Daves	
Other ***	
Total Philip Morris	
Lorillard	
Harley Davidson	
Kent International	
Old Gold	
Other	
Total Lorillard	

	Cartons Purchased
BAT	
Crown	
GPC	
Lucky Strike (Filters)	
Misty	
Montclair	
Prime	
Private Stock	
Raleigh Extra	
Richland	
Summit	
Viceroy	
Other ***	
Total BAT	
Liggett	
Pyramid	
Other ***	
Total Liggett	
Other Manufacturers ***	
GRAND TOTAL OF ALL MANUFACTURERS:	
R. J. REYNOLDS % OF GRAND TOTAL:	

*** **PLEASE ATTACH AIM DATA OR VERIFIED SUMMARY OF CARTONS PURCHASED BY BRAND FAMILY.**

I certify that the above information is an accruate summary of all products purchased in the low price category, as defined by Forsyth Tobacco Products, a division of R. J. Reynolds Tobacco Company.

_____ **Account Name:** _____

Signature & Title of Officer of the Account **Date** **Address (City & State)** _____

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_____ _____ _____ _____

Account Manager Approval & Date **Forsyth Cartons** **Payment**

Source: https://www.industrydocuments.ucsf.edu/docs/tlvp0000